



Office of the City Auditor

INFORMATION CALENDAR

March 28, 2017

To: Honorable Mayor and Members of the City Council

From: Ann-Marie Hogan, City Auditor

Subject: City Auditor Fiscal Year 2017 Audit Plan

INTRODUCTION

The Berkeley City Charter requires the City Auditor to provide the City Council with a planned audit schedule by the beginning of each fiscal year. We provided our preliminary plan to Council off agenda on June 29, 2016 and provided an update on October 26, 2016. This report makes our audit schedule available to the public and provides updates on audits in progress.

CURRENT SITUATION AND ITS EFFECTS

We have several audits underway from our prior year's audit plan, as well 2017 additions provided to Council and City management in June and updated in October:

Audits Completed and in Progress – From Prior Years Audit Plans

- Ethical Climate Survey/Ethics audit – This report, issued March 14, contains recommendations that will assist the City in supporting an ethical climate.
- Follow up audit of our [2007 Fire Department Ambulance Billing¹](#) audit – This report is on tonight's Council agenda. It contains recommendations that will assist the Fire Department in working with its contract billing agency to improve its approach to ambulance billing, and will assist the Finance Department in improving its accounting for uncollectible balances.
- The [2017 Line of Business Experts²](#) audit, issued January 24, makes recommendations that will help the City Manager and IT Director develop and implement a structured approach to its Line of Business Experts function in conjunction with the City's ERP implementation. Council requested a July 25

¹ 2007 Fire Department Ambulance Billing: http://www.cityofberkeley.info/uploadedFiles/Auditor/Level_3_-_General/FireAmbulanceBilling6-12-07.pdf

² 2017 Line of Business Experts: http://www.cityofberkeley.info/uploadedFiles/Auditor/Level_3_-_General/A.4_CNCL_Line%20of%20Business%20Experts_Consent%20Item.pdf

report from the City Manager regarding progress on implementation of our recommendations.

- Parks, Recreation, and Waterfront – We are in the fieldwork phase of this audit and will be developing recommendations to assist management in improving efficiency, controls, and oversight over the City’s on-call maintenance practices.

Audit in Progress – From 2017 Audit Planning Memos

- Data Collection Efforts – We have begun the early planning phase of our audit of the City’s efforts to collect data to quantify the impact of homeless and similar populations on public places and City resources. This audit has been delayed due to staff turnover, and should start up again next month.

Audits Carried Over from 2016

- Community Agencies – We plan to select community agencies to review for accountability for City grant funds and to identify whether their performance outcomes are in line with 2020 Vision for Berkeley’s Children and Youth goals.
- Recurring Audits – We plan to perform regular recurring audits to look at how specified revenue streams are spent. We recently began audits of Measure GG and Park Tax Fund nonpersonnel expenditures, to determine whether the funds are being spent as intended.

Deferred Audits from Prior Audit Plans:

Due to competing priorities and limited staff capacity in our office and in other departments, we are continuing to defer some audits from our prior audit plans. We will revisit whether we can continue with these items based on staffing levels and availability of information in the departments.

- Citywide billings and collections
- Investments
- Permit Center phase II
- Fiscal sustainability

BACKGROUND

The aim of the City Auditor’s Performance Audit program is to improve the efficiency, effectiveness, equity and accountability of the City service delivery, and to identify and reduce risks.

ENVIRONMENTAL SUSTAINABILITY

Although the audits we issue do include information about environmental impacts, this particular report has no identifiable environmental effects or opportunities associated with it.

POSSIBLE FUTURE ACTION

Our audits will identify recommendations for management. We will be asking the Council to accept those recommendations and request that the City Manager report on actions taken by staff to implement them.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Audit work can lead to new or enhanced revenue, cost recovery, and increased efficiency, with economic impact well beyond the audit costs. Long-range financial benefits of our audits should result in significant improvements to internal controls and improved efficiency and effectiveness of citywide services.

The action Council takes to ensure timely implementation of audit recommendations should result in additional savings and risk reduction, including fraud risk. Reducing fraud risk does more than save money; it helps build trust in government. Maintaining a strong audit function and prudent fiscal and program management will reduce future costs and enhance public trust.

CONTACT PERSON

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